

ELEMENT 1: MANAGEMENT POLICY

A clear statement of management policy communicated to all levels of the firm involved in export\reexport sales, traffic and related functions, emphasizing the importance of compliance with the Export Administration Regulations.

OBJECTIVE: To convey a clear commitment of compliance with the EAR from senior management to all employees involved with U.S. export controls. An important component of this commitment consists in providing sufficient time, money and personnel to make the compliance program effective.

PROCEDURE: One way of demonstrating strong management support of compliance with export control regulations is to prepare and distribute a policy statement. If a firm decides to adopt an EMS, then the written statement should convey a clear commitment to comply with the EAR. This formal statement should be included in the EMS Manual and be disseminated to all employees who work in export-related functions.

Senior management, preferably the president, owner of the company or the chief executive officer, should be the responsible party for issuance of the statement. Senior management is also responsible for providing the relevant corporate policies, organizational structure and resources to carry out an effective EMS.

The policy statement of commitment to export controls may include the following types of policies:

- under no circumstances will sales be made contrary to U.S. export regulations. Special care should be taken to prevent transactions with entities involved in the proliferation of weapons of mass destruction.
- any question concerning the legitimacy of a transaction or potential violations should be referred to: (responsible official).
- a description of penalties (corporate, criminal, and administrative) applied in instances of compliance failure.

The policy statement can be reinforced through a continuing education program. (See Administrative Element 4.) Other important vehicles for the communication of the policy statement of commitment to export controls are:

- ◆ new employee orientation
- ◆ in-house publications
- ◆ training and/or procedures manuals

Important recipients of the policy statement of commitment to export controls are all employees of the firm specifically those dealing with:

- ◆ international sales
- ◆ customer service
- ◆ marketing
- ◆ contracts
- ◆ finance and accounting
- ◆ legal counsel
- ◆ field services
- ◆ export administration
- ◆ order entry
- ◆ shipping
- ◆ traffic
- ◆ engineering (those involved in item classifications)

COMMENTS: To be effective, the policy statement included in any EMS Manual should be communicated to employees on a regular basis and would:

- ◆ be prepared on company letterhead
- ◆ be dated
- ◆ be signed (including the name and title of the signer)
- ◆ include policy statements referred to above

If the names of any other individuals identified in the management policy statement change, the statement should be reissued. However, one way to avoid constant reissuing of the policy statement due to personnel changes is to use the title of the “responsible official” within the statement and refer all export control personnel to a company web page that posts current names and phone numbers.

Issuance of a policy statement by management or owners of even a small firm shows employees the importance of complying with export control requirements. For exporting firms of all sizes, it highlights the fact that compliance with export regulations is essential to protecting a firm's future.

